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THE WORK OF THE NEXT CONGRESS.

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I.

ON the meeting of the new Congress it will be the duty of the President of the United States to make known what steps he has taken to comply with the resolution passed by the last Congress desiring him to urge upon the British Government a reference of the boundary controversy between British Guiana and Venezuela to arbitration. Should it appear that the suggestion, though promptly and earnestly made, has been rejected, and that, either by distinct avowal or by implication the United Kingdom has signified a purpose to occupy by force an extensive tract of land alleged by the republic of Venezuela to constitute a vital section of her territory, it will devolve on Congress to consider whether the Monroe Doctrine is defied by the course of Great Britain, and whether under all the circumstances the United States should enforce that doctrine by deed as well as word.

There are, clearly, several questions which ought to be separately looked at. First, do the arguments for the view of the Caracas government regarding the right line of demarcation between British Guiana and Venezuela present a *prima facie* case

so strong that in the judgment of onlookers the frontier ought to be defined, not by the arbitrary act of one of the parties to the controversy, but by an impartial international tribunal? Assuming that the reply to this preliminary inquiry is in the affirmative, shall we hold that by repelling arbitration in this matter, and by forcibly detaining a part of Venezuela's territory, England would ignore and set at naught the Monroe Doctrine? If to this question also the answer should be "Yes," we shall have to make up our mind, whether upon the whole, it is expedient to renounce the principles put forth by President Monroe, or whether the actual and prospective consequences of acquiescing in Venezuela's dismemberment are so serious that the firm upholding of those principles should not be left to diplomacy alone, but must, in the last resort, be secured by other means. Of merely secondary and negligible interest are the Yuruan incident and the ultimatum relating thereto, said to have been sent by Lord Salisbury to Caracas; for here the merits of the boundary controversy are manifestly involved, and if Venezuela's territorial claim is well-founded, she has done nothing for which reparation can be demanded.

I.

As regards the boundary controversy we scarcely need to say that Venezuela and Great Britain are respectively the representatives of Spain and Holland. The Caracas government claims all the land possessed by Spain east of the Orinoco in 1810, the date of the assertion of Venezuelan independence. The British Foreign Office claims all the land in that quarter which belonged to Holland in 1814, when "the settlements of Demerara, Berbice, and Essequibo" were ceded by the Dutch to England. The texts of the treaties and diplomatic agreements or admissions, from which the several rights of Spain and Holland may be ascertained, are accessible to every student of international relations. The first document in the case is the Treaty of Münster, by which in 1648 Spain and the United Provinces undertook to define their respective possessions on the north coast of South America. Some misunderstanding having arisen, the treaty between Spain and Holland, which was signed in 1691, stipulated that the Orinoco colonies should belong to the Spanish, and the Essequibo colonies to the Dutch. From the outset of her independent existence Venezuela has insisted, as she still insists, that

by the "Essequibo colonies" was meant the Dutch settlements on the Essequibo River, and that the boundary intended by the treaty of 1691 was the east bank of that waterway. The counter position originally taken by the British was that what was contemplated by the treaty just named was not the Essequibo River itself, but the entire watershed draining into it. Were the latter interpretation of the text sustained by arbitrators, Great Britain's possessions would receive a considerable extension westward, but the Essequibo watershed could not possibly stretch beyond the Maroco River, which also flows northward and into the Atlantic ocean, fifty miles to the west of the Essequibo. We should note further that, should an impartial tribunal declare that the term "Essequibo colonies" means the Essequibo watershed, a like interpretation would be applicable to another crucial phrase in the treaty of 1691, and by "Orinoco colonies" we should have to understand the Orinoco watershed. In that event England would be obviously constrained to abandon her present claim to Point Barima, which adjoins one mouth of the Orinoco, lying in fact between that river and one of its eastern affluents. From this preliminary stage the course of the boundary dispute has been outlined by the Hon. William L. Scruggs, formerly United States Minister to Caracas. He has shown that the so-called Schomburgk line, drawn in 1841, has no binding force on any one, because, first, the line was drawn without authority, concurrence or even knowledge on the part of Venezuela, and, secondly, eighteen months after the line had been run, Lord Aberdeen, then British Premier, distinctly disclaimed it, and ordered it obliterated by the Demerara colonial authorities. In addition to this disavowal of the Schomburgk line, Lord Aberdeen repeatedly assured the Venezuelan Minister in London that Great Britain had no thought of claiming or attempting to occupy Point Barima or any of the estuaries of the Orinoco, or even any portion of the coast west of the Maroco River. Amazing, indeed, is the difference between the position of Lord Aberdeen, who proposed a boundary line beginning at the mouth of the Maroco River, and the attitude now taken by the British Government which claims west of the Maroco a territory larger than England, and refuses to submit to arbitration any part thereof lying east of the obliterated Schomburgk line, which gives her Point

Barima at the mouth of the Orinoco and access to the gold fields of the interior.

But, it may be said, the title to domain may rest on other than documentary grounds. There is such a thing as rights gained by prescription. Is it not possible that in the region under dispute, which once at all events was a "No man's land," citizens of British Guiana may have acquired title through long occupation conjoined with an absence of protest on the part of Venezuela? There is no doubt that British colonists have gradually made settlements in parts of the debatable tract, but the other condition requisite for the acquisition of a prescriptive right has been wanting. Venezuela has never waived her claim to any part of the territory, which, as she holds, can be proved by documentary evidence to have been inherited by her from Spain. No such waiver could be legally made, for the Venezuelan constitution debars her government from alienating any portion of the national domain. Venezuela has always contended that the western boundary of the Dutch settlement of Essequibo, acquired by England in 1814, was the east bank of the Essequibo River. Not only has she never acquiesced in any encroachments of British subjects on the land west of that waterway, but she has incessantly protested against such encroachments. While the position of Venezuela, however, has been consistent and unwavering, that of England has been shifted, as earth hunger and reported discoveries of gold have impelled her Guiana subjects to push their frontier westward.

II.

In view of the facts recited, which are believed to be incontrovertible, it seems plain that Venezuela has a strong *primâ facie* case preëminently suited for arbitration, since it cannot be pretended in this instance that the outcome of an impartial interpretation of treaties and other diplomatic documents should be deemed neutralized by the upgrowth of prescriptive rights. We do not hesitate to say that the *primâ facie* case is stronger and more suitable for arbitration than was that of the United States in our controversy with England regarding the boundary of Oregon. Here we may point out that the British Foreign Office cannot consistently aver, as Sir Edward Grey averred not long ago, that "England cannot submit to arbitration her claim to

any territory which has been long occupied by British subjects." England can do this, because she has done it. We have the authority of George Bancroft for asserting that England no fewer than six times offered to submit to arbitration the question of the northwest boundary of the United States, although British subjects had long occupied part of the territory south of the Fifty-four, Forty line claimed by our State Department. With this precedent before us, shall we be told that England has outgrown her liking for arbitration? How, then, are we to account for the presentation to the last Congress of a memorial signed by 354 members of the last Parliament, urging that an agreement should be made whereby all controversies between Great Britain and the United States should be referred to arbitrators? Is it strange that some persons should explain a glaring inconsistency on the theory that England's refusal to submit the Venezuela boundary dispute to arbitration is based, first, upon the consciousness of being in the wrong, and secondly, upon the knowledge that Venezuela is a weak power, which, it is assumed, can be plundered with impunity?

III.

Can Venezuela be plundered with impunity? Or is it rather the duty of the United States to interpose, and insist that the disputed boundary shall be defined by an impartial tribunal? Is that duty imposed on us by a logical deduction from the Monroe Doctrine? Taking the latter question first, let us recall for a moment what that doctrine is, as it was expressed by its proponent. The message sent to Congress by President Monroe on December 2, 1823, contained the following words: "We owe it to candor and to the amicable relations existing between the United States and the allied powers, to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety." It is true that with the development of the United States into a power of the first magnitude and with the diffusion of parliamentary government on the other side of the Atlantic, the apprehension of danger to our free institutions from the contiguity of monarchical systems has in large measure disappeared. But that, outside of any terrors on their own account, the people of the United States conceive that they have special rights and

special duties in the two Americas, rights and duties which might be obstructed by the extension of European dominions within our sphere of influence, is explicitly declared in the ensuing words of the message of President Monroe: "With the existing colonies or dependencies of any European power we have not interfered, and shall not interfere; but with the governments which have declared their independence and maintained it, and whose independence we have, on great consideration and just principles acknowledged, *we could not view an interposition for oppressing them, or controlling in any other manner their destiny, by any European power, in any other light than as a manifestation of an unfriendly disposition toward the United States.*" It is the words which we have underscored that render unmistakable the application of the Monroe Doctrine to the Venezuela boundary dispute. Scarcely will any one, we fancy, argue that the forcible dismemberment of an American republic's territory is distinguishable from an attempt to subvert its liberties or to control its destiny. To an attempt to draw such a distinction Venezuela could reply that "You take my life when you do take the means whereby I live;" and that, should England assume a commanding position at the mouth of the Orinoco, she would in the strictest sense control the destiny of the Venezuelan commonwealth; she would, in truth, have set her hand upon its throat. Much the same thing may be said of England's apparent determination to take possession of the remarkably extensive and rich auriferous deposits on the banks of the Yuruan River in the Venezuelan Territory of Uruary. The tremendous significance of the double wrong inflicted may be measured in a sentence. It is as if Great Britain during our civil war, making a vantage ground of proximity and believing us incapable of self-defence, had undertaken to rob us, on the one hand, of California, and, on the other, of the control of the Mississippi.

It seems, then, a logical deduction from the words of President Monroe, that we ought to defend Venezuela from arbitrary dismemberment by insisting on a reference of the boundary question to arbitration. Before inquiring, however, whether what is logical is also expedient, let us glance at two curious statements about the Monroe Doctrine which are occasionally heard from English writers and speakers on the subject. We are

told, in the first place, that the doctrine can have no application to England, because England was an established American power at the time it was promulgated. The argument evidently proves too much. Russia, France and Spain were all established American powers when the memorable message of President Monroe was written ; yet these were the very powers most deeply interested in the reactionary projects of the Holy Alliance, against which the message was directed. *Reductio ad absurdum*. We are also now and then requested, with an air of irony, to name the authority on which the Monroe Doctrine has become incorporated in the law of nations. We have never met an American who imagined the doctrine to be a part of international law. The Monroe Doctrine, as Senator Lodge has pointed out in this REVIEW, is not a law but a fact. It is a deliberate and outspoken declaration of the principal American republic's policy or programme with reference to political conditions on the American Continent. It is a declaration which we have every jot as good a right to make as England has to announce her policy or programme touching the maintenance of her commercial preponderance in the Far East, or of her naval ascendancy in the Mediterranean, or regarding the partition of Africa, or concerning the Ottoman Empire. The Monroe Doctrine not being a law, Englishmen are under no legal obligation to obey it ; but from the view-point of expediency and wisdom it may behoove them to consider whether they will treat the doctrine with contempt, just as it behooved Russia in 1878 to decide whether she would spurn England's Eastern programme and face the consequences, or would submit the treaty of San Stefano to a European Congress.

IV.

There remains only the inquiry whether in the situation presented by the Venezuela controversy it is worth our while to adhere stiffly to the Monroe Doctrine even at the risk of war, should Great Britain persist in withholding the boundary dispute from arbitration, or whether we should do better to abjure the doctrine altogether. One thing or the other we must make up our minds to do ; and the precedent now to be established will be big with safety or with peril to many weak commonwealths in the New World. Let us mark not merely the actual and immediate but the ultimate consequences of our renouncing the principles formulated by Monroe, and of our leaving the

Caracas government at the mercy of British aggression. The first point to be noted is that there are five great river systems in the habitable part of the American Continent, namely, those of the St. Lawrence, of the Mississippi, of the Amazon, of La Plata, and of the Orinoco. Of these England already possesses one, that of the St. Lawrence; unless we now interpose to shield Venezuela from violent encroachment, a second, that of the Orinoco, will inevitably fall under British sway, and a great monarchical power may be built up in the southern half of this hemisphere, a counterpart of that already erected in British North America. We call the Dominion of Canada a monarchy, and unquestionably the term may be applied to it, as properly as to the United Kingdom. Only the name is lacking, and even that was forthcoming in the original draught of the British North America Act. We know on the authority of the chief author of that measure, Sir John Macdonald, that he proposed to call the new confederation a "kingdom," and to bestow upon the English sovereign the title of "Queen of Canada."

Even more wide and ominous than its bearing on the fate of the Orinoco basin is the scope of the question raised by the controversy touching the Venezuela boundary. A glance at the map will show that the same game of successive encroachments which is being played to-day at the cost of Venezuela may be practised to-morrow to the detriment of Brazil. On the south British Guiana is bounded with convenient vagueness by the Brazilian Republic, and the east fork of the Parima River, one of the most important northern members of the Amazon River system, takes its rise in British territory. If, under color of frontier disputes, which she refuses to refer to arbitrators, England is now allowed to deprive Venezuela of the Orinoco basin, what is to prevent her from depriving Brazil hereafter of the vast valley of the Amazon? Then, again, why should not a precedent, once established for South America, be followed in Central America as well? If, proceeding from Guiana as a basis, England is suffered to absorb a large part of Venezuela, why should she not, starting from the territory of Belize, manage gradually to swallow Honduras, Guatemala, and Yucatan?

V.

We add that, were it conceivable that the next Congress could repudiate the Monroe Doctrine and refuse to back Venezuela in

her boundary dispute, there is still one expedient to which in its extremity the Caracas government might have recourse. It would have but to follow the course actually taken by the republic of Texas, and subsequently proposed by Yucatan, the course, namely, of applying for admission to the American Union. The position of Venezuela, indeed, at this juncture is in many respects analogous to that which Texas occupied in 1845. The latter commonwealth, which then had been independent for eight years, was confronted by the harsh alternative of suffering the loss of its great river, the Rio Grande, and of much valuable territory, or of engaging, single-handed, in a hopeless war with the vastly preponderant power of Mexico. It shrewdly avoided impalement on either horn of the dilemma by becoming one of the United States. Venezuela has no present advantages to lose, and immense future advantages to gain, by following the Texan precedent. Within twenty-four hours after her admission to the Union she would witness a striking and gratifying change in the attitude of the British Foreign Office, which would show itself as eager to invoke a decision by impartial umpires concerning the Guiana frontier, as it did in the matter of the Oregon boundary controversy, when, as George Bancroft noted, it proposed arbitration no fewer than six times. In truth, the mere agitation in Venezuela of the question of annexation to the great American republic would in all likelihood bring the English government to terms. One of the last things that Englishmen desire is to have American citizens for neighbors of their lucrative possessions on the mainland of South America and in the Antilles. They are quite sufficiently worried by our proximity to Canada.

M. W. HAZELTINE.

II.

If the Congress about to assemble reads aright the signs of the times, it will recognize its chief work to be such revision of our currency system as will relieve the Treasury of the tremendous and hurtful strain put upon it by the necessity of maintaining the current redemption of the greenbacks, amounting to \$346,000,000, and the Treasury notes issued in the purchase of silver bullion under the requirements of the Sherman law, amounting to about \$150,000,000. It is the judgment of the Secretary of

the Treasury, as it was of his predecessor, which judgment I am sure is concurred in by an overwhelming majority of all who have given thought to it, that our various forms of money cannot be kept at a parity except by the exchange of gold for these demand notes whenever it is asked for.

Inasmuch as the law requires them to be reissued as fast as they are received, their payment in gold when presented is in no just sense a redemption of them, so that the burden upon the Treasury is never lifted.

Except through taxes or the sale of its bonds, the government has no means of acquiring gold. The enactment of the Sherman law, under which about \$50,000,000 of demand notes were required to be annually issued, excited apprehension that the obligations of the Treasury were likely to exceed its ability to maintain their current redemption, that we would be forced to a silver basis whereby the parity of our several forms of money would be destroyed, and that a disastrous collapse of credit would ensue.

Prior to that law so large a proportion of taxes was paid in gold that the Treasury had no difficulty in meeting the demands upon it, but thereafter gold payments began to fall off, and in less than three years ceased altogether. The government was thus compelled to choose between letting the collapse come, or replenishing its gold reserve by selling its bonds. The latter course was pursued with results of inestimable value to the country.

Apprehension has been allayed, it is true, but the state of the gold reserve continues to be a source of constant solicitude.

Exports of gold, no matter for what purpose, beget uneasiness necessarily harmful, and that may at any time develop a threatening condition. This is not through fear that the country may be denuded of its gold stock, for under given trade conditions, exports of gold have always occurred, and will always occur, so long as commerce between nations continues.

Under our system exporters of gold, more easily and economically than by any other method, can procure it from the Treasury by presenting these demand notes for redemption, and it is the apprehension, which will not down, that the day may come when such redemption cannot be made, that creates this solicitude.

It is insisted by some that the trouble does not indicate vice in our system, but that it arises wholly because of insufficient rev-

enne. The answer to this contention is obvious. The demand notes amount in round numbers to \$500,000,000. So long as any considerable volume of them is outside of the Treasury, they can and will be used to withdraw whatever gold may be needed for export or otherwise. No revenue would suffice to remove the difficulty, unless ample enough to enable the Treasury to lay these notes aside as they are redeemed or otherwise come into its possession, and defray the expenses of government without paying them out again, for, if reissued, the necessity of providing for their current redemption would remain. Taxation adequate to produce revenue of such magnitude would be intolerable, to say nothing of the dangerous contraction of our circulation that would result. The evil is radical and so must the remedy be. Nothing will answer that does not take from the government the duty of issuing and redeeming demand notes intended to circulate as money. Provision should be made for the gradual retirement of these obligations, and the substitution of bank notes, and this can be safely done, with great advantage both to the government and the people. We have been so long accustomed to government issues that many have forgotten to what extent bank notes formerly figured in our currency. In 1861 very nearly one-half of our circulation consisted of State bank notes, and they continued in use until taxed out of existence in the interest of the National Banks. It would not be difficult for Congress to devise a scheme under which bank notes could be safely allowed to any extent required by the business of the people.

The tax on the issues of State banks should be repealed. The repeal, if deemed desirable, might be accompanied by such conditions as would satisfy the public that their notes would be safe and in all respects entitled to credit. The cost of government bonds is such as to practically preclude the possibility of any material enlargement of the circulation of National Banks. Indeed, they have already become little more than banks of discount and deposit. The National Banking laws might readily be remodeled so that all of their features that are so objectionable to many would be eliminated, and their monopolistic tendencies eradicated. This done, the capacity of National Banks to serve the people by supplying them with a sound and abundant currency would soon place them beyond the reach of criticism or complaint. The Republican party, being now in control of Con-

gress, is charged with the work of rescuing the country from the dangers threatened by existing currency conditions, and should it fail to do so, it will deserve and receive the severest condemnation.

It should rejoice at the opportunity now afforded it of performing this task, inasmuch as the grave evils to be remedied spring from unsound and ill-conceived laws improvidently, if not recklessly, imposed by them upon the people. Let them now "bring forth therefore fruits meet for repentance."

The gold reserve could then be abolished and the Treasury confined to the simple function of collecting and disbursing the revenues. When conditions required it, gold would still be exported, but the exporter would procure it as best he could, and the operation would neither disturb business nor excite comment.

The decision of the Supreme Court that so much of the Wilson bill as sought to lay a tax upon incomes is unconstitutional, has greatly curtailed the revenue contemplated by that law. It cannot as yet be definitely foretold whether or not that law, as it stands, will yield sufficient returns to meet the necessities of the government. So little time has elapsed since it was enacted, and during a considerable part of that time such business depression has prevailed, that no fair judgment can yet be formed of its efficiency. As conditions improve, and as the process of readjustment becomes more complete, it may reasonably be expected that it will yield greater revenue.

It would seem to be the part of wisdom to test it fully in this regard, and, if in the meantime the necessity for larger revenue should manifest itself, to make some temporary provision to supply it. Certainly the business of the country needs assurance that for the present the tariff will not be disturbed.

The question as to whether the government should construct or aid in the construction of the Nicaragua Canal will doubtless be pressed for consideration. Public sentiment has of late years been rapidly crystallizing into a profound conviction that the building of the Canal would in many ways greatly facilitate and advance our commercial interests, and it will not be satisfied unless the project shall receive fair and sympathetic consideration. The question is environed by many difficulties, but it is believed that they are all capable of removal.

The relations between the government and the Pacific rail-

roads ought to be adjusted in some way. The indebtedness of these roads to the government is great, and the time has arrived when Congress should determine definitely what steps, if any, can or should be taken to secure it. Many difficulties surround this matter also.

It is contended by some that the government should acquire these roads and operate them on its own account; by some that a compromise should be effected by which a definite sum should be accepted in final settlement of all claims; and by others that the indebtedness should be arranged so that through a long period of time it would be gradually paid in full.

At all events it would seem that a definite settlement of the controversy can no longer be safely postponed.

While it is scarcely probable that any serious quarrel with England will grow out of the Venezuelan dispute, yet if it is not in the meanwhile satisfactorily adjusted it may become necessary to cause inquiry to be made as to whether the situation calls for intervention by the United States.

It is quite likely that Congress will take occasion to reaffirm with emphasis our fixed determination to uphold under all circumstances the principle enunciated by the Monroe Doctrine.

It may also become necessary to take into consideration the situation in Cuba, with the view of determining what the duty of this government is in the premises.

The foregoing are the matters, aside from the regular work of Congress, that seem to be of the greatest importance.

T. C. CATCHINGS.

III.

THE Fifty-first House of Representatives showed what a united party is able to accomplish under intelligent leadership. The Fifty-third Congress, with a party management in both houses, broken by the rivalry of contentious factions, illustrated some of the infirmities of party government without party leadership. In the present condition of national affairs we have a Democratic President, a Republican House, and a Senate in which no party has a majority, and in which on important questions an influential section of each party appears ready to form a coalition against

sound policies. The average citizen is likely to look with suspicion on any proposition in which these three divisions of the legislative function are agreed. The House will experience great difficulty in giving effect to the policy put forward by the administration. A year ago, when the blind spent the winter leading the blind, the Scriptures were literally fulfilled in the fall of both into the ditch. In our present case, if the Secretary of the Treasury again comes forward with a little squad of eastern Democrats in charge of currency reform, we are apt to see the spectacle of the blind trying to lead persons who can see, and the result, so far as the House is concerned, is easy to predict. From the Republican point of view nothing is needed to restore normal business conditions except a full treasury, and a speedy return to favorable trade relations with the world. No possible system of currency can hold out long against a shortage of revenues and an increasing adverse trade balance. If the administration should come forward with some simple proposal to increase the revenue, and some obvious changes in the Act of 1894 looking to a larger patronage of home industries, the Republican party would meet the Secretary of the Treasury more than half way. If we may judge from experience there is little prospect of the present House offering a very hearty indorsement to the elaborate schemes of finance which appear to kindle the imagination of the Secretary. The integrity of his purpose, of course, is not questioned; but there is no extraordinary confidence in the Secretary's career as a popular leader, dealing with the intricate problems of finance. The obligation of the business community to the administration for saving us, albeit in an awkward, humiliating and costly way, from a total wreck of the public credit, incident to the Democratic management of our affairs since 1892, may be admitted. It is a curious commentary on our shifting human affairs, that the maintenance of the specie basis should have been committed to a statesman who declared in the House in 1878, that resumption itself was "a destructive scheme of the bullion dealers"; that the gold reserve has been administered and from time to time replenished, as a general asset of the Treasury, by the doubtful virtue of the act of 1875 through an official who in 1878 declared that it was "a special fund for a special purpose, the redemption and retirement of the legal tender currency," and that the coin collected under it "by the issue and sale of bonds

is dedicated to that one object"; that the same statesman who declared in 1878, that the dropping of the obsolete silver dollar from the list of our legal coins, was a "conspiracy against the human race" and the "most gigantic crime of this or any other age," should have become the confidential adviser of the President and the most active agent of the extreme enemies of silver; that the party leader, who in 1878 announced his purpose to pass one silver bill after another, over the executive veto, even if the House had to suspend its rules, to attach the obnoxious measures to the general appropriation bills, and to starve the government into submission to the free silver movement, should be called upon, as Secretary, to retrace the steps he had advised, and pull the Treasury out of the bottomless pit which his own followers had prepared for it. These things are adverted to not to disparage what the administration has done, but to indicate some of the grounds for Republican hesitation in following a leadership now grown somewhat arrogant and impatient with the slow movements of Congress. The Republican party, being solemnly convinced that the national safety requires Congress to retrace every recent step in the direction of free trade, and that no financial repose is possible without abundant revenues and an adequate protection of domestic industry, is not likely to spend its strength in the House trying to overthrow a system of banking and currency which for fifteen years before the election of 1892 gave the country neither trouble nor anxiety. It would undoubtedly be a good thing to rescue the Treasury from the hands of the gold exporters. It is a better thing to rescue the country from unfavorable business relations which require gold exports. This nation has grown accustomed to a statesmanship that is able to prevent the disease as well as to recognize and treat the symptoms. It would doubtless be a good thing to modify our banking laws, so as to encourage the issue of bank notes, and to otherwise enlarge the commercial usefulness of the National Banks. But nobody, with a history of the United States at hand, expects Congress, under Republican auspices, to join with Mr. Carlisle in a scheme of bank reform, the ultimate effect of which would be to bring back the half-forgotten promissory note factories of the last generation.

It might as well be understood now that whatever money we have in this country shall bear the image and superscription of

the nation of America, and not the mere authority of a State legislature. The American dollar must be as national as the American flag. In whatever the administration proposes, having honestly in view the credit and solvency of the Treasury, it will have the united assistance of the Republican party in Congress. It is not too much to hope that a law may be passed giving the Secretary the power to use the public credit to protect the reserve and to meet the current deficiencies of revenue. It is a national disgrace that the recent Treasury operations, not entirely creditable in themselves, should have been burdened by doubts and disputes as to their legal authority. No nation, which occasionally indulges in the luxury of a Democratic administration, should be without an emergency loan law on its statute books. It is likely to be needed only about once in a generation, but its enactment ought not to be neglected by this Congress. In addition to legislation for the orderly and economical use of the public credit, it is reasonable to expect Congress to provide for the immediate increase of revenue by such modifications of the Act of 1894 as will bring in money enough to pay the current expenses and have a little left over for the sake of the public comfort. Unless the spirit of party and of party faction has made Congress totally helpless, these remedies for an uneasy Treasury will be provided.

It is probable that a general disposition will be manifested in both Houses, not strictly within party lines, to give a substantial expression to the patriotic aspirations of the American people. In all our borders there is a noticeable revival of patriotism—a new sense of the size of the republic, the glory of the American flag, and the dignity of citizenship in the United States. These sentiments have been greatly stimulated by the failure, so far as the public is advised, of our State Department to deal in an influential way with the violation of American rights in distant countries, or to assert the traditions of our fathers in matters which concern the safety and territorial integrity of the struggling little Republics of Central and South America. It is not likely that a nation, which did not withhold its sympathy, more than seventy years ago, from the Greek revolutionists in their effort to cast off the despotism of Turkey, will now find itself entirely without a voice of neighborly good-will in behalf of the people of Cuba, now engaged in defending themselves against the government of Spain, even if the Secretary of

State publishes his proclamations of neutrality, warning the American people to do nothing, while the Attorney-General, following at an humble distance, in an official interview, exhorts them to say nothing. It must always be borne in mind that whatever is attempted by the Congress must be so obviously prudent and patriotic as to escape the rocks of partisan debate, for while the House of Representatives, through the historic public service of Thomas B. Reed, is now able to do what a majority of its members wish to do, the Senate is still at the mercy of the rudest parliamentary weapons of obstruction. The public can count with certainty on no legislative action to which any considerable group of Senators, in the enjoyment of a fair state of health, is really opposed. For that reason the Republican party, being in no position to put any scheme of partisan legislation entirely through, cannot be expected to spend the winter splashing in the water. On the other hand, except the current routine of legislation prepared by the Appropriation Committees, it is not certain that anything will be done. The net result of the election of 1894 is therefore not the enactment of new laws, in harmony with the principles of the Republican party, but rather the grateful sensation, now everywhere felt throughout the business community, that the opportunity of the Democratic party for mischief in national legislation is at an end.

J. P. DOLLIVER.

IV.

THE failure of the Wilson-Gorman tariff act to supply the national government with sufficient revenue to meet current expenses is responsible for the principal problem which will be presented to the Fifty-fourth Congress.

Three issues of bonds, aggregating over \$162,000,000, have been made during the past three years, nominally for the purpose of restoring the gold reserve but actually in order to supply the money required for pressing necessities of the Treasury. This cannot long be permitted to continue. Uncle Sam is not accustomed to running into debt in a time of profound peace. Indeed, such a contingency was so far from the thoughts of modern statesmen that no provision was ever made for it; and, instead of a short term emergency bond bearing a low rate of inter-

est, the Secretary of the Treasury has been forced to resort to antiquated laws and issue long term and high interest bonds. This position of the Treasury of the United States has been positively humiliating to the average American and has suggested the financial status that obtains at Madrid, Rome, Constantinople and other capitals of bankrupt European powers. Moreover, the history of the bond issue of 1895, when American capitalists were not permitted to bid and the bonds were turned over *en bloc* to an Anglo-American syndicate, at an enormous profit to the coterie of Wall and Lombard Street bankers so fortunate as to be within the charmed circle, carried with it a suggestion of scandal, which should never again be permitted to attach to the operations of the Treasury of the United States.

Furthermore, the condition of the Treasury sustains intimate relations to the finances of the nation ; and, by reason of the gold reserve being considered a portion of the Treasury's assets available for current expenditures, as well as for the one especial purpose for which it was established, every time the reserve has been impaired below the traditional hundred-million mark, apprehension regarding the ability of the government to maintain the interconvertibility of its different forms of money has been aroused, to the detriment of all business and industry.

How shall the present revenue laws be modified in order that the current deficit, which has amounted to about \$130,000,000 during the past two years and four months, may be done away with and the government provided with sufficient revenue for current expenses ? On that question, of course, the two great parties will divide ; and, with a President committed to the tariff ideas which found at least partial expression in the Wilson-Gorman act, with a Senate of uncertain disposition, and with a House fresh from the people and containing an overwhelming majority of Republicans who believe in the American industrial system of protection for home wage-workers, producers and manufacturers, the outcome is uncertain. That the President will urge an increase in the internal revenue tax on beer and ale, if not on other articles which are now or were formerly objects of internal revenue taxation, seems to be accepted on all hands. In this manner he doubtless hopes to make good the loss of revenue which the Supreme Court's decision of unconstitutionality against the income tax provisions of the Wilson-Gorman act involved.

The preliminary estimates of the revenue which the proposed tax on income would have yielded were in the neighborhood of \$30,000,000. The internal revenue derived from beer and ale taxation last year was approximately \$31,000,000; and, as there is little reason to apprehend any material falling off in the consumption of beer and ale, by reason of the proposed increase in the internal revenue tax from \$1 to \$2 a barrel, probably the expectation of \$30,000,000 additional revenue would prove to be well founded.

But, while the Democratic scheme of taxation justifies the proposed increase in the internal revenue tax on beer and ale, Republicans will unquestionably oppose it to the bitter end. They look upon internal revenue taxes as essentially "war taxes," to be reduced or repealed when the revenue emergency which called for their enactment has passed away. Both tariff duties and internal revenue taxes, which were levied by Republicans "for revenue only," have repeatedly been reduced or repealed, when the condition of the Treasury permitted such a reduction in taxation to be made. The pending session of Congress will not witness any departure on the part of Republicans from their historic policy. Undismayed by the result of the popular verdict of 1892, and the enactment of the Wilson-Gorman bill, in which the Democratic party has sought to reduce or repeal tariff duties and make good the resulting deficit in the revenues, by increasing the internal tax on whiskey and levying an internal revenue tax on incomes, the Republicans have steadfastly appealed to the people, in behalf of the American industrial system of protection; and the political results of 1895, no less than those of 1894, encourage them to the belief that the people condemn the Democratic tariff legislation of last year. As wool was the "bloody angle" at which the fight of last summer between protectionists and free-traders was the fiercest, and as the tariff reductionists held their position at that point, despite their retreat from free coal, free iron ore, and other advanced positions which they assumed to occupy, so the protectionists of the Republican House will doubtless seek to repair the damage inflicted on their lines, by restoring wool to the dutiable list.

Under the McKinley tariff act of 1890, without the income tax provision which the Democratic Congress and President sought to embody in the law of 1894, without the increase in the

beer and ale tax which the administration now proposes, and despite the reduction of \$50,000,000 in the annual revenue which was brought about, the tariff duties and internal revenue taxes yielded sufficient money to meet the current expenses of the government. Republican statesmanship may be relied upon to convert the Wilson-Gorman law into an act which will at once provide sufficient protection for all American wage-workers, producers and manufacturers, and also supply the Treasury with a surplus rather than a deficit. Specific per cents are a matter of incidental importance. The Republican Ways and Means Committee of the House will frame a tariff measure, in harmony and consistency with the principles of the policy of protection, under which the American people prospered as never before in their history, from 1861 to 1893.

That a dead-lock on the tariff question will be precipitated seems altogether likely, if not inevitable. The President is a man of recognized obstinacy of opinion. However, he will have on his hands, during the coming winter, a Congress possessed of equally pronounced views and enjoying the advantage of coming fresh from the people, with positive instructions; and tariff duties, rather than increased internal revenue taxation of beer and ale, will be the plan by which Republicans will seek to relieve the pressing necessities of the Treasury. A presidential veto of the Republican tariff measure will have no other result than to transfer the fight for the restoration of the protective tariff, from the halls of Congress to the presidential and congressional campaign of 1896.

However, all men of conservative views seem agreed that the condition of the Treasury and the credit of the nation should not be imperilled by conflicting ideas regarding the principles which should be observed in levying tariff duties; and the amendment of existing laws, in a manner which will permit the Treasury Department to issue emergency bonds running for a brief period and bearing a low rate of interest, will doubtless meet the views of members who differ most radically on the tariff question.

That important financial legislation, other than this particular provision, will be forthcoming is altogether unlikely. The American people move with deliberation and care in matters of such moment. The congressional elections of 1894 and the State and local contests of 1895, so far as financial considerations

figured in political results, simply manifested popular hostility to the proposition that the mints of the United States should be opened to the free and unlimited coinage of silver dollars at the ratio of 16 to 1. That was the only definite and specific financial proposition which attracted popular attention. The election of an overwhelmingly Republican House of Representatives in 1894 dispelled the free silver menace, which had aroused apprehension both at home and abroad regarding the stability of American finances. That was a positive advance and a pronounced gain to the cause of sound and honest money. But every attempt at affirmative legislation of a financial character in the present Congress is bound to arouse a multiplicity of conflicting views, probably with the net result that beyond the formulation of various measures designed to reform the existing currency system and their extended advocacy nothing will be accomplished.

However, it should be borne in mind, in this connection, that from the day of the resumption of specie payments, January 1, 1879, as long as the tariff duties and internal revenue taxes yielded sufficient revenue for Treasury purposes—indeed, until the time of Democracy's advent to power at Washington in March, 1893, the panic which followed and the Wilson-Gorman tariff act—the existing financial system worked acceptably and well. A deficit in revenue and an impairment of the gold reserve, along with many disturbing influences in financial, commercial and industrial circles, were required to reveal the defects and weaknesses in the system. These have unquestionably influenced popular sentiment in demanding an improvement which will meet recent conditions and requirements. Conservative opinion, it will probably be discovered, will favor making haste slowly in this matter. Financial legislation, on the eve of a presidential election and in the absence of any crystallization of sentiment and purpose, would hardly be of a desirable character. Gold monometallism, international bimetallism, and independent action in the direction of free silver coinage represent only the general positions and not the subdivisions of financial views, which will find expression in the present Congress.

That the Republican House of Representatives will respond to party sentiment in favor of extending all proper and permissible encouragement to the struggling patriots of Cuba, and,

likewise, in favor of the enforcement of the Monroe Doctrine wherever on the American Continent foreign encroachment shall seek to infringe it, goes without saying.

Nevertheless, the fact remains that, barring sensational developments in other directions, the present House will be the battle-ground where the great questions of tariff and finance will be the issues, pending the time when the contest shall be transferred to the vast field where the Presidential and Congressional struggle of 1896 will be fought and determined.

GEORGE N. SOUTHWICK.

V.

THERE will probably be a marked difference between what the next Congress will do and what the great mass of the people think it should do. The producing portion of the nation who feed, clothe and house the race, think that some of their long neglected natural rights should be declared and enforced, but no heed will be given to their convictions.

The floating signs indicate that a few bombastic assumptions of patriotism and a liberal number of Congressional bluffs at the gathering war clouds, with a profuse abuse of the State Department and the President, will usher in the session. The two great parties will play the role of King Lear's elder daughters in out-vieing each other in protestations of loyalty. Their final conduct will prove that such declarations were but harmless peals of the political gong. All the necessary declarations of belligerency will be unanimously adopted, the Monroe Doctrine will be re-declared with great acclamation, and much indignation will be expressed for the neglected past. Many other such pleasing matters will be attended to promptly that will not materially affect the industrial or business condition of the country.

As long as the people can be contented with empty shadows, the substance of things will be handed over to that class which will accept nothing less than the substance of things. It is generally conceded that a Congress has been secured thoroughly imbued with the prevailing economic ideas of the New England and Middle States. This assures such an organization of the House Committees that no financial legislation can emanate from the

Finance or Banking Committee not of the "sound money" type, no tariff measure or provision to increase the revenue of the government can emerge from the Ways and Means Committee except of the high tariff order, and the organization of the Committees on Territories will be such that no recognition of the claims of Statehood of New Mexico, Arizona and Oklahoma will be countenanced, and a like eastern policy will be pursued throughout all of the committees.

This will be unfortunate for the country at large, as it will evince conclusively the intense sectionalism of these States from which comes a general flow of the loudest deprecations of any indication of sectionalism. To maintain the homogeneity of the people of a great country every thought and act of the representatives in Congress should be as broad as the country itself, but human nature seems to be too weak to reach this standard.

The Nicaragua Canal should be built, if the ownership or complete control can be secured and maintained by the government. We cannot afford to subsidize any private corporation and open the doors for a repetition of the Pacific railroad frauds and national scandals.

The lien on the Pacific roads should be foreclosed at once, the government own the roads, if need be, and operate or lease them in the interest of the people. The nation cannot afford to keep this vile book of public scandal and private disgrace open before the people longer, even if its soiled lids must be closed at a loss to the government.

The real contest in the coming Congress will be the determined effort which the administration will make to retire the greenback, and increase the interest-bearing debt and the bankers' profits and privileges. On one side of this issue will be found the administration and the representatives of the great money centres of the country without regard to political affiliations. On the other side will be the great body of the non-interest-drawing but great interest-paying portion of the people.

The results of every evolution of our greenback and bonded systems have been so beneficial to the professional banker and dealers in ready money and government securities, that the people at large have logically concluded that our financial operations since the Rebellion have not been based upon broad, unselfish, patriotic statesmanship and have not been for the greatest good

to the greatest number, but have been rather built up by a narrow, selfish line of specialists who so handle money and securities as to make the largest possible private gains at the expense of the public ; the government thereby becoming financially subordinate to and dependent upon the private capitalists for its financial life and liberty.

The unprecedented number of great fortunes accumulated by bankers and dealers in ready money and securities during the past thirty years demands of the representatives of the people a critical investigation of the methods used in reaching the difference gradations leading up to our unfortunate financial condition.

The greenback system originated in and passed the House, providing for a full legal tender paper money. The Senate so amended the bill that it was not a legal tender for the interest on the public debt, or receivable for import duties. I will offer in evidence, as showing for whose benefit this amendment was made, a few lines of a speech of Thaddeus Stevens in the House, February 20, 1862, and like speeches were made by Mr. Wilson, Mr. Morton and many others. He says : " I have a melancholy foreboding that we are about to consummate a cunningly devised scheme which will carry great injury and great loss to all classes of people throughout this Union, except one." He declared that the people generally approved the bill as it passed the House, but that "there was a doleful sound came up from caverns of the bullion brokers, and of salons of the associated banks" that caused the Senate to so amend the bill as to "make two kinds of money : one for banks and brokers and one for the people." The passage of this bill made a forced market for the coin of the capitalist ; he ran it to a premium, bought up the greenbacks at an average of sixty odd cents on the dollar, secured an act of Congress permitting him to exchange them for interest-bearing bonds at par, and obtained the passage of the national banking act built upon the bonded debt—all of which soon brought his government bonds to a premium.

The interest only of the bonds was made payable in coin ; the principal was payable in any kind of legal tender money. The bank journals, the sympathizing public press and the bondholders soon started an outcry, in the name of patriotism and the public credit, that the principal of the bond ought to be paid in coin.

The National Republican Convention of 1868 resolved, among many other things : “ That we denounce all forms of repudiation as a national crime ; and the national honor requires the payment of the national debt in the utmost good faith to all creditors at home and abroad, not only according to the letter but according to the spirit of the contract.” In the subsequent Congresses the Republicans declared the “ spirit of the contract ” with the bondholder meant coin, but they could find no such spirit in the agreements with the soldier or everyday citizen. They soon passed a bill making all bonds payable in coin of the standard value of July 17th, 1870. In 1873 Congress demonetized silver, and the bondholder then contended that his bond was payable in gold. To settle this, Congress passed a joint resolution in 1877, declaring all obligations of the government payable in gold or silver at the option of the government.

Then the so-called “ Honest Money League ” appealed to the Secretary of the Treasury, in the name of the public credit, to reverse the universal law of tender, and to allow the creditor to choose the kind of money he would accept. His request was readily granted, which took away the legal tender quality of our coined silver when payments were to be made on a bond or bill, and voluntarily destroyed the right to pay in silver as provided in the Act of 1870. This last act of the Secretary of the Treasury, allowing the creditor to choose the kind of money he would accept on a bond or greenback, is the pith, bone and sinew of every trouble or annoyance that the Treasury Department has had with the gold reserve or with the greenback. This supposed malady can be removed by simply going back to the correct principle and paying all public obligations in any kind of legal tender money that is most convenient to the government. The correct principle is followed in France, and in all other governments having more than one kind of legal tender money, with a perfect success. It does seem that for the past quarter of a century financial legerdemain, that has greatly enriched the money dealer and impoverished and humiliated the government, has taken the place of good governmental financiering. Party platforms and political convictions of public men have become as “ erratic as the phantasm of a morning dream.”

With a Democratic administration advocating a single gold standard and an unbridled bank currency in the face of the

teachings of the party for nearly a century, viz : “ We declare unqualified hostility to bank notes . . . because gold and silver is the only safe and constitutional currency,” and with the great Republican party entrenched in Congress advocating the same ruinous doctrine in the face of the teachings of the patriotic Lincoln who largely enunciated the original principles of the party, and who unerringly taught that “ if a government contracts a debt with a certain amount of money in circulation, and then contracts the money volume before the debt is paid, it is the most heinous crime a nation can commit against a people ”—we can rely upon no past by which we can safely judge the future. However, it is to be hoped that something better than present indications portend may emerge from the chaotic elements that constitute this Congress. As the great heads of the lamb and the lion seem inclined to lie down together in harmony and in a new lair, it may be fondly hoped that, with the aid of the people and an enlightened press, the usual bombast and political claptrap in the sessions preceding the presidential elections may be eliminated, and as healthy a stimulus given to business as existing conditions will permit during the presidential canvass and election. The people out of Congress should by a forced, healthy business sentiment forestall any depression of business at the beckoning of any line of politicians or in the interest of any political combination. The crowning curse of the nation is traceable to the unbridled tread of the mere politician. With all of the confusing shuffling of the age, let the people forge to the front and direct the destiny of the succeeding years in the interest of industry instead of in the interest of the professional politicians.

JOHN C. BELL.